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Analysis of the Influence of Company Internal Factors on PBV and Their Impact on Stock Prices

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Abstract

Purpose: This study aims to examine the impact of internal factors, including Liquidity, Solvency/Leverage, Profitability, and Cash Flow, on company value (PBV) and stock prices of state-owned companies listed on the Indonesian Stock Exchange from 2016 to 2018.

Methodology: 19 companies were selected as sample based on specific criteria. A quantitative approach is used to analyze the data through multiple regression analysis.

Main findings: Liquidity, Solvency, Profitability, and Cash Flow significantly affect PBV when considered together. However, only CR has a significant individual impact on PBV. These factors significantly influence stock prices. Among these, CR and Cash Flow do not have a significant effect on stock prices, while DER, NPM, and PBV significantly impact stock prices.

Implications: Investors should closely monitor liquidity and profitability indicators, as these factors significantly influence stock prices. Companies can improve their stock market performance by enhancing liquidity and profitability, while also considering cash flow management.

Keyword: Liquidity, profitability, cash flow, PBV, stock price

1. INTRODUCTION

Firm value describes the condition of the company contained in the evaluation of its performance and prospects in the future (Brealey et al. 2012). One way for investors to evaluate the company's condition is in the price to book value (PBV), where PBV reflects the ratio between the stock

market price and the book value of each share and this ratio is also known as the ratio of market value to book value (Brigham and Houston, 2014). Increasing the value of the company is one of the main goals of the company. This is because shareholder wealth will increase if the value of the company increases, where the value of the company is reflected in its share price (Lee et al: 2020). Thus, increasing the value of the company is the desire of the company and its shareholders. Firm value can be assessed from the profit approach (Zhan et al: 2020). Maximizing the value of the company means maximizing market value through its share price which is the influence of all financial decisions taken by the company. Firm value is an investor's perception of the company's level of success, which makes the market and investors believe in its prospects. (Brigham and Houston, 2014).

Firm value is a measure of financial performance in the long term, and therefore an increase in financial performance increases firm value (Samiloglou and Dermigunes, 2008). Company performance is usually classified into two; non-financial and financial performance (Tudose, 2012). Manurung (2009: 95) states "Stock prices can be assessed or analyzed using two approaches, namely technical and fundamental. Meanwhile, Shim and Siegel (2007: 202) stated that fundamental analysis evaluates a stock by analyzing the company's financial statements. Financial statement analysis provides much of the data you need to forecast earnings, dividends, and selling prices. From the opinion above, the fundamental analysis of stocks can be evaluated by analyzing the company's financial statements. This analysis looks at the company's financial statements where this is related to the company's financial performance.

Director of Anugerah Mega Investama Kwee (2020) said the BUMN20 index had a poor performance because large-capitalized banking issuers were also included in the index, including PT Bank Rakyat Indonesia Tbk (BBRI), PT Bank Mandiri Tbk (BMRI), and PT Bank Negara Indonesia Tbk. (BBNI). Where the performance of the BUMN20 index was worse than the JCI. Meanwhile, BUMN20 experienced a decrease of 38.92% year to date (ytd) while the JCI decreased by 28.63% ytd.

The Special Staff of the Minister of SOEs, Sinulingga (2020) said the 12 state-owned companies were included in 3 sectors, finance, construction, and mining. Looking at their performance since the beginning of the year or year-to-date (YTD), the stock prices of the 12 SOEs have fallen sharply. The construction sector is the worst.

Table 1. Stock Performance of 12 SOEs year-to-date (YTD)

State-Owned Enterprises	Share Price Dec 30, 2019	Stock Price 10 Mar 2020	Change
BBRI	4400	3910	-11,14%
BMRI	7675	6875	-10,42%
BBNI	7850	5675	-27,71%
BBTN	2120	1500	-29,25%
WIKA	1990	1550	-22,11%
ADHI	1175	680	-42,13%
PTPP	1585	980	-38,17%
JSMR	5175	4500	-13,04%
WSKT	1485	850	-42,76%
ANTM	840	575	-31,55%

State-Owned Enterprises	Share Price Dec 30, 2019	Stock Price 10 Mar 2020	Change
PTBA	2660	2310	-13,16%
TINS	825	550	-33,33%

The Head of the FEB Management Institute, University of Indonesia Pranoto (2020) explained that the SOE 20 Index's performance was not as good as the Jakarta Composite Index (JCI), which is also under pressure. The shadow of the impact of the corona or Covid-19 also limits the financial performance of SOEs and the potential for dividends. The Minister of State-Owned Enterprises (BUMN) Thohir (2019) stated that there were five state-owned companies with negative performance, including the following. PT Bukit Asam (Persero) Tbk (PTBA), PT Timah (Persero) Tbk (TINS), PT Perusahaan Gas Negara (Persero) Tbk (PGAS), PT Garuda Indonesia (Persero) Tbk (GIAA), and PT Krakatau Steel (Persero) Tbk (KRAS)

The automobile market in Vietnam has seen significant development in recent years. With a growing population and rising per capita GDP, it is projected that over half of Vietnam's population will join the global middle class by 2035. This highlights Vietnam as one of the world's most promising auto markets. According to VietNamPlus (2018) reports that with the expanding middle class, car sales are anticipated to rise by 22.6% annually until 2025 and by 18.5% in the subsequent years. The car market can reach 750,000 to 800,000 units by 2025 and 1.7 to 1.85 million units by 2035.

Alongside the growth in car production, the number of auto showrooms has also increased significantly. Over the years, more foreign auto brands have entered the Vietnamese market for sales and manufacturing, including popular brands such as Toyota, Ford, Nissan, and Kia. In addition to regular cars, Vietnam now features most high-end car brands, such as Mercedes-Benz, BMW, Audi, Lexus, Maserati, Jaguar, Land Rover, Porsche, Bentley, Rolls-Royce, and Ferrari. This indicates fierce competition in the automobile market.

To maintain a competitive edge in this rapidly growing market, auto brands need to not only keep up with the R&D race but also encourage customer purchases and loyalty. Therefore, establishing strong brand trust is essential, especially for newly established firms like Toyota Tay Bac Company. Carolyn Vadino, a member of Forbes Council, emphasized that building trust is as crucial as launching relevant and functional products and services. Hence, the primary objective of this research is to study brand trust and the factors that influence it among customers in the automobile market

2. LITERATURE REVIEW – CONCEPTUAL FRAMEWORK

2.1 Financial Performance

Financial Performance is a formal effort to evaluate the efficiency and effectiveness of the company in generating profits and a certain cash position where this is important as a means and indicator to improve the company's operational activities. Financial performance can be calculated from the components in the company's financial statements. Information to calculate financial performance is reflected in the financial statements (profit and loss position statement), income statement (profit and loss statement), and cash flow statements as well as other supporting matters as reinforcement of financial performance assessment. (Hery, 2019) The ratio used in this study is, liquidity and profitability.

2.2 Liquidity, PBV, and Stock Price

Liquidity is the inability to collect cash to pay its obligations. Liquidity arises, one of which is due to the loss of the ability to borrow new funds to pay off existing creditors. The underlying cause is, liquidity is manifested as an excess of current cash payments that are due, exceeding the currently available cash. The current ratio measures the risk of this happening by comparing claims against the company that will be payable during the current operating cycle (current liabilities) with assets that are already in cash or will be converted into cash as they run. operating cycle (current assets) (Fridson and Alvarez: 2002: 268). Cheng et al. (2015) research results show that REIT stock liquidity has a positive effect on firm value, as measured by Tobin's Q. Then Sondakh (2019) who examined 14 industrial companies on the Indonesian stock exchange for the 2015-2018 period found that current assets had a positive effect. and significant to PBV. Arietsa et al. (2020) in their research on manufacturing companies on the Indonesian stock exchange for the period 2014-2015 stated that CR does not affect stock prices. This is in line with Herawati and Putra (2018) research on food and beverage companies on the Indonesian stock exchange that Current Assets do not affect stock prices

H1. Liquidity has positive effect on PBV

H2. Liquidity has positive effect on stock price

2.3 Solvability, PBV, and Stock Price

Solvency / financial leverage shows how much of the company's assets can be used by the company to finance debt. In other words, solvency is the company's ability to meet its long-term and short-term obligations. Debt Equity Ratio is a ratio to measure the amount of debt to capital in other words to find out how much capital is used as debt collateral (Hery, 2019: 162). Salim and Firdaus (2020) examined the food and beverages sector on the Indonesian stock exchange for the period 2013-2017 where the capital structure (DER) partially had a positive effect but had no significant effect on firm value (PBV). Then research by Uzliawati et al. (2018) on manufacturing companies on the Indonesian stock exchange shows the higher the capital structure with the Debt to Equity Ratio (DER) and the Long-term Debt to Asset Ratio (LDAR) are indicators of the higher the value of the company. This is supported by research by Markonah et al. (2020) that Leverage (DER) affects firm value (PBV). Ozlen and Ergun (2012) researched the Turkish stock exchange where the results of the Debt Ratio had a significant negative effect on stock prices in the industrial sector including the food and metal industry. Then Suparningsih (2017) in his research on textile and game companies listed on the Indonesian stock exchange for the period 2012-2012 2016 shows that DER affects stock prices.

H3. Solvability has positive effect on PBV

H4. Solvability has positive effect on stock price

2.4 Profitability, PBV, and Stock Price

A company's net profit margin, or return on sales (ROS), indicates the profitability of a company's operating activities. Further decomposition of the company's ROS allows an analyst to assess the efficiency of the company's operations management. The ratio of sales to assets is known as asset turnover. The profit margin ratio shows how much a company can save as profit for every dollar of sales it generates. Asset turnover shows how many dollars of sales a company can generate for each dollar of its assets (Palepu and Healy 2013: 134). Warinangin (2020) in his research said that the results of the NPM test on firm value showed that NPM had no positive and significant effect. Positive can be seen from the regression coefficient of 0.214 and a significant value of 0.831 which is greater than 0.05. Then Widyastuti (2019) who researched food and beverage companies on the

Indonesian stock exchange in the 2015-2017 period found that financial performance measured by NPM and ROA had a positive effect on firm value. Bustani (2020) researched insurance companies listed on the Indonesian stock exchange for the 2015-2018 period where the results showed that NPM affected stock prices. Then Panjaitan (2020) examined automotive companies listed on the Indonesian stock exchange for the 2014-2014 period. 2018 where the results show that NPM does not have a significant positive effect on stock prices.

H5. Profitability has positive effect on PBV

H6. Profitability has positive effect on stock price

2.5 Cash Flow, PBV, and Stock Price

Cash flow analysis also indicates the quality of the information in the company's income statement and balance sheet. Cash flow analysis complements ratio analysis in examining the company's operating activities, investment management, and financial risk (Palepu and Healy 2013: 154). Dewi et al. (2019) researched the Indonesian stock exchange at the main companies on the Indonesian stock exchange for the period 2013 – 2017 where the results of their research showed that cash flow had a significant positive effect on firm value. Then Abughniem al. (2020) who researched the Arman Stock Exchange in the 2010-2015 period found that operating cash flow was found to have a positive and statistically significant effect on performance using ROA and MVPS indicators. Furthermore, Ni et al. (2018) in their research on the Taiwan stock exchange comparing the cash flow ratio variables which include Operations / Sales, Investments / (TA-CA), and Financing / (LD + TE), Investment / (TA-CA) was found to be positively related with the value of the company, shows that companies that have cash outflows from investing activities can increase the value of the company. The cash outflows that arise from the search for these profitable capital budgeting projects can help increase firm value. In addition, we show that Financing / (LD + TE) has a positive effect on firm value. Therefore, companies that raise funds for capital budgeting projects can get cash inflows from financing activities and cash outflows from investing activities. Oroud et al. (2017) who researched Amman stock exchanges found that operating cash flow had a significant positive effect on stock prices. Then Jabbari et al. (2013) researched on the Thran stock exchange that there is a relationship between operating cash flow and stock prices.

H7. Cash flow has positive effect on PBV

H8. Cash flow has positive effect on stock price

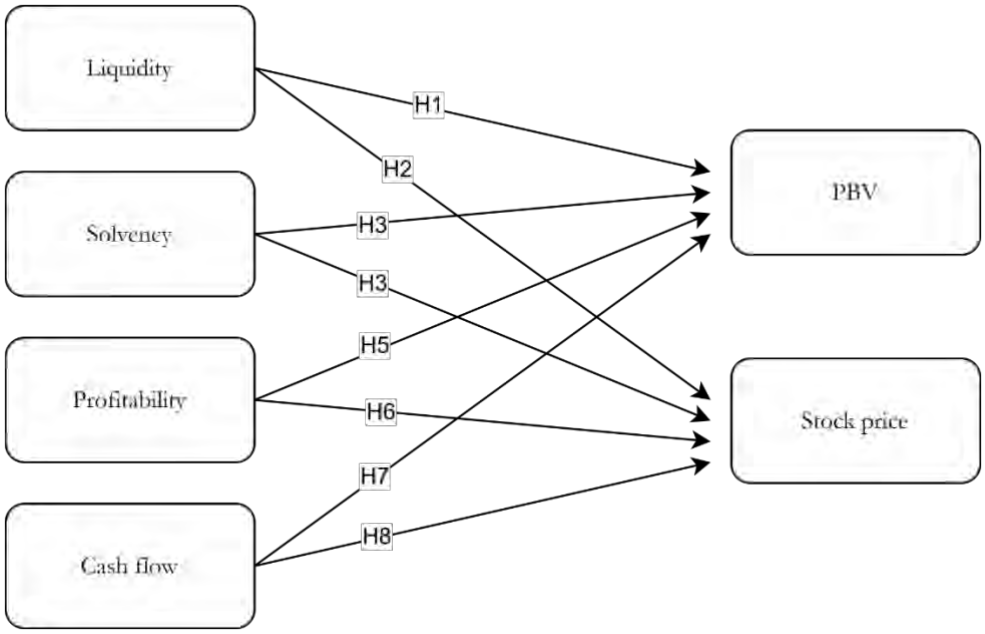

Figure 1. Conceptual Framework

3. METHODOLOGY

The methodology uses secondary data on SOEs listed on the Indonesian stock exchange during 2016-2019 where a population of 25 companies is a sample of 19 companies that meet the criteria. Using the panel data instrument test using the Eviews 9 software using the Common Effect model, Fixed Effect model, and Random Effect model

4. RESULTS

On the selection of panel data regression model

Table 1. Panel Data Regression Model Selection Results

Model	Test		Prob.	Information	Conclusion
PBV	*Chow*	*Cross-section F*	0.0000	*Fixed Effect*	*Fixed Effect*
	Hausman	*Cross-section random*	0.0143	*Fixed Effect*	
	Lagrange Multiplier	*Breusch-Pagan Both*	0.0000	*Random Effect*	
Price Share	*Chow*	*Cross-section F*	0.0059	*Fixed Effect*	*Random Effect*
	Hausman	*Cross-section random*	0.3492	*Random Effect*	
	Lagrange Multiplier	*Breusch-Pagan Both*	0.0116	*Random Effect*	

Source: Output of Eviews 9, 2024

Based on table 1, it can be seen the results of the panel data regression model selection on the PBV and Stock Price models. These results show that the PBV model (CR, DER, NPM, and Cash Flow to PBV) shows the Chow test and Hausman test choosing the Fixed Effect model, to analyze the regression equation in the PBV model (CR, DER, NPM, and Cash Flow to PBV) using the Fixed Effect model. While the Stock Price model (CR, DER, NPM, Cash Flow, and PBV to Stock Price)

shows the Hauman test and the Lagrange multiplier test choose the Random Effect model, to analyze the regression equation in the Stock Price model (CR, DER, NPM, Flow Cash, and PBV to Stock Price) using the Random Effect model. While the Regression Equation will be assessed partially and simultaneously using reviews 9. The results of the regression calculation between CR DER NPM AND CASH FLOW to PBV is shown in Table 2.

Table 2. Result of Regression Calculation between CR, DER, NPM, and Cash Flow to PBV

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.229485	2.427781	0.094525	0.9250
CR	0.022292	0.010316	2.160837	0.0352
DER	0.857560	1.186734	0.722622	0.4731
NPM	-0.061203	0.107510	-0.569275	0.5716
ARUS_KAS	-8.69E-13	3.74E-13	-2.321123	0.0242

Source: Output of Eviews 9, 2024

the following multiple linear regression equation is obtained:

PBV = 0.229485 + 0.022292 CR + 0.857560 DER - 0.061203 NPM - 8.69E-13 Cash Flow

The above equation can be interpreted as follows:

0 = 0.229485: meaning that if CR, DER, NPM, and Cash Flow are zero (0), then PBV will be worth 0.229485 units.

1 = 0.022292: meaning that if the CR increases by one unit while the other variables are constant, then the PBV will increase by 0.022292 units.

2 = 0.857560: meaning that if the DER increases by one unit while the other variables are constant, then the PBV will increase by 0.857560 units.

3 = -0.061203: it means that if the NPM increases by one unit while the other variables are constant, then the PBV will decrease by 0.061203 units.

4 = -8.69E-13: it means that if Cash Flow increases by one unit while other variables are constant, then PBV will decrease by 8.69E-13 units.

Table 3. Result of Regression Calculation between CR, DER, NPM, Cash Flow, and PBV to Stock Price

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	486.1979	91.05857	5.339397	0.0000
CR	-0.491274	0.337085	-1.457419	0.1495
DER	-98.51520	38.16935	-2.581002	0.0119
NPM	-7.849847	3.770286	-2.082030	0.0410
ARUS_KAS	-7.85E-12	2.08E-11	-0.377732	0.7068
PBV	-11.78070	5.587941	-2.108236	0.0386

Source: Output of Eviews 9, 2024

Thus, the following multiple linear regression equation is obtained:

Share Price = 486.1979 - 0.491274 CR - 98.51520 DER - 7.849847 NPM - 7.85E-12 Cash Flow - 11.78070 PBV

The above equation can be interpreted as follows:

0 = 486.1979: meaning that if CR, DER, NPM, Cash Flow, and PBV are zero (0), then the Stock Price will be worth 486.1979 units.

1 = -0.491274: meaning that if CR increases by one unit while other variables are constant, then the Stock Price will decrease by 0.491274 units.

2 = -98.51520: meaning that if DER increases by one unit while other variables are constant, then the Stock Price will decrease by 98.51520 units.

3 = -7.849847: meaning that if the NPM increases by one unit while the other variables are constant, then the Stock Price will decrease by 7.849847 units.

4 = -7.85E-12: it means that if the Cash Flow increases by one unit while the other variables are constant, then the Stock Price will decrease by 7.85E-12 units.

5 = -11.78070: meaning that if PBV increases by one unit while other variables are constant, then the Stock Price will decrease by 11.78070 units.

4.1 Coefficient of Determination

Table 4. Coefficient of Determination Analysis

Model	R Square	Adjusted R Square	S.E. of regression
PBV	0.748923	0.644703	3.727870
Price Share	0.195094	0.137601	203.2138

Source: Output of Eviews 9, 2024

From the analysis in table 4. It can be seen that the coefficient of determination of the PBV and Stock Price models is known. These results indicate that CR, DER, NPM, and Cash Flow influence PBV of 0.748923 or 74.89%, while the remaining 75.11% is influenced by other factors not observed in this study. And CR, DER, NPM, Cash Flow, and PBV influence stock prices of 0.195094 or 19.51%, while the remaining 80.49% is influenced by other factors not observed in this study.

4.2 Partial Hypothesis Test

By using the help of the Eviews 9 application, the results of partial hypothesis testing for the PBV and Stock Price models are obtained as follows:

Table 7. PBV Model Partial Hypothesis Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.229485	2.427781	0.094525	0.9250
CR	0.022292	0.010316	2.160837	0.0352
DER	0.857560	1.186734	0.722622	0.4731
NPM	-0.061203	0.107510	-0.569275	0.5716
ARUS_KAS	-8.69E-13	3.74E-13	2.321123	0.0242

Source: Output of Eviews 9, 2024

Based on table 7, it can be seen that the Prob value is smaller than the value of 5% for the CR and cash flow variables, then H0 is rejected and H1 is accepted, meaning that there is a significant effect of CR and Cash Flow partially on PBV. While it can be seen that the Prob value is greater than the value of 5% for the DER and NPM variables, then H0 is accepted and H1 is rejected, meaning that there is no significant effect of DER and NPM partially on PBV.

Table 8. Stock Price Model Partial Hypothesis Testing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	486.1979	91.05857	5.339397	0.0000
CR	-0.491274	0.337085	-1.457419	0.1495
DER	98.51520	38.16935	-2.581002	0.0119
NPM	-7.849847	3.770286	-2.082030	0.0410
ARUS_KAS	7.85E-12	2.08E-11	-0.377732	0.7068
PBV	-11.78070	5.587941	-2.108236	0.0386

Source: Output of Eviews 9, 2024

Based on table 8, it can be seen that the Prob value is smaller than the value of variable 5% for the DER, NPM, and PBV variables, then H0 is rejected and H1 is accepted, meaning that there is a significant effect of DER, NPM, and PBV partially on stock prices. While it can be seen that the Prob value is greater than the value of α 5% for the DER, NPM, and PBV variables, then H0 is accepted and H1 is rejected, meaning that there is no significant effect of DER, NPM, and PBV partially on stock prices.

5. DISCUSSION AND CONCLUSION

Based on the results of the previous discussion, it can be concluded that, partially CR has a significant effect on PBV. This is in line with Sondakh's research (2019) where CR has a significant positive effect on PBV. In theory, if CR is high, it will reflect the company's ability to settle current debts better so that investors will not worry when an issuer does not pay off its short-term debts. A high CR indicates that the company has the funds to pay dividends and has large internal funds. A high PBV indicates that the market believes in the company's prospects. Partially DER has no significant effect on PBV. This is in line with the research by Endri and Fathony (2019) who researched the financial sector for the 2013-2017 period on the Indonesian stock exchange that leverage or solvency did not affect firm value. This identifies a greater capital value than debt in a company has not been able to show the company's ability to optimize debt usage to increase the company's value, because in the Indonesian capital market, stock price movements and the creation of added value for the company are caused by market conditions. High debt in a company is not always considered bad if the company is able to pay its obligations and if a company has small debt and the company is able to finance its company operations using the capital it has, then the company is considered to have good value, so that companies that use debt greater than their own capital or companies that use debt smaller than their own capital will not affect the company's value. Partially, NPM has no significant effect on PBV. This is in line with the research of Warinangin (2019) where this study shows that NPM has no positive and significant effect.

This is because NPM is unable to describe the level of return that investors will get from stock returns. (NPM) is one of the financial ratios that measures the extent to which a company is able to generate net profit from the income it receives. Although NPM is an important indicator of financial performance, there are several reasons why NPM does not always directly affect the

value of the company, there are other factors, namely external factors. The value of companies in the food and beverage industry can be influenced by external factors such as changes in consumer trends, government regulations, and extraordinary events such as a pandemic. These factors can affect company performance and company value without involving changes in Net Profit Margin. Partially Cash Flow has no significant effect on PBV. This is in line with research by Anggrahini et al. (2023) where operating cash flow has no negative and insignificant effect on firm value in the coal mining sub-sector for the period 2012-2016.

When a company has a high level of free cash flow but there are no profitable projects available, there will be a tendency for management to misuse free cash flow with opportunistic actions such as inefficient resource allocation and excessive consumer behavior where these things are not in line with increasing the company's value but will burden shareholders. When a company has a high level of free cash flow but there are no profitable projects available, there will be a tendency for management to misuse free cash flow with opportunistic actions such as inefficient resource allocation and excessive consumer behavior where these things are not in line with increasing the company's value but will burden shareholders.

Partially CR does not have a significant effect on stock prices. This is in line with the research by Handayani et al. (2018) who researched manufacturing companies on the Indonesian stock exchange which showed that the current ratio had an insignificant positive effect on stock prices. The high value of Current Ratio indicates the proportion of idle assets, which will lower the stock price. Investors do not pay attention to the Current Ratio value to estimate future stock prices because it is considered less profitable because current assets are not utilized effectively by the company. So that it will affect the decline in demand for the stock and ultimately will lower the stock price. Partially DER has a significant effect on stock prices, this is in line with research by Ozlen and Ergun (2012) researching on the Turkish stock exchange where the results of the Debt Ratio have a significant negative effect on stock prices in the industrial sector including the food and metal industry. Then Suparningsih (2017) in His research on textile and game companies listed on the Indonesian stock exchange for the period 2012-2016 shows that DER affects stock prices.

A large Debt to Equity Ratio tends to lower stock prices. This means that the total debt from equity is greater and the company has a great responsibility to fulfill its obligations to creditors. If the DER has a low value, it will increase the level of investor trust in the company, which can result in increased investor interest in investing in the capital market. The higher the DER value, the lower the stock price. Partially NPM has a significant effect on stock prices. This is in line with Bustani's (2020) research researching insurance companies listed on the Indonesian stock exchange for the 2015-2018 period where the results show that NPM affects stock prices.

Companies that have a high or increasing Net Profit Margin (NPM) level can attract the attention and interest of investors to invest in the company. This shows that investors value the company's ability to earn net profit so that the return obtained by investors can be known. There are previous research results that are in line with this research, namely the results of the research of Dewi and Solihin (2020) which found that there was a positive and significant influence of the Net Profit Margin (NPM) variable on stock prices. Companies that have a high or increasing Net Profit Margin (NPM) level can attract the attention and interest of investors to invest in the company. This shows that investors value the company's ability to earn net profit so that the return obtained by investors can be known. Partially, Operating Cash Flow has no significant effect on stock prices. This is following research by Khanji and Siam (2015) in research on banks listed on the Amman stock exchange where there is no significant relationship between operating cash flow and cash flow investment on stock prices.

This is caused by the possibility that investors will realize that operating cash flow does not guarantee that the company will have sufficient funds to run its business in the future. where investors do not pay much attention to operating cash flow as a consideration in making investment decisions. This happens because operating cash flow is obtained from the company's main income-generating activities. Therefore, this cash flow generally comes from transactions and other events that affect the determination of profit or loss. where operating cash flow has no information content in relation to stock returns around the financial statement date. This is also an indicator that the market does not react to the announcement of total cash flow information as a consideration in making investment decisions.

Partially PBV has a significant effect on stock prices. This is in line with research by Hanifah (2009) and Salim and Firdaus (2020) that PBV has a positive and significant effect on stock prices where the PBV value indicates the level of success of the company's management in managing the company. The higher the PBV value, of course, also gives high expectations for investors to get bigger profits. The higher the company, the higher the company creates value for shareholders and the higher the level of market confidence. The higher the company, the higher the company creates value for shareholders and the higher the level of market confidence. This company value is a positive signal for investors. This is because the company value shows a good level of success of a company, so it will also increase the trust of external parties, namely investors. That way, the high company value will be an attraction for investors to invest their capital in the company so that demand for the shares will increase and the stock price will increase.

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